

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

USIA-15 AID-05 IGA-02 IO-14 EB-07 OMB-01 TRSE-00

SIL-01 LAB-04 AGRE-00 STR-04 /110 W

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R 211303Z JUL 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 8484

INFO USDOC WASHDC

UNCLAS CARACAS 7286

E.O. 11652: N/A

TAGS: EGEN, VE

SUBJ: FEDECAMARAS ANNUAL CONVENTION

REF: CARACAS 6891

1. FEDECAMARAS HELD ITS THIRTY-THIRD ANNUAL CONVENTION IN MARACAY ALL LAST WEEK. FEDECAMARAS IS AN UMBRELLA ORGANIZATION FEDERATING MOST OF THE LOCAL CHAMBERS OF COMMERCE, INDUSTRY, AND CONSTRUCTION AS WELL AS SECTORAL ORGANIZATIONS SUCH AS CATTLE-GROWERS AND CONTRACTORS. A MEASURE OF ITS HORSEPOWER IS THE FACT THAT PRESIDENT PEREZ TOOK THE OCCASION OF HIS SPEECH INAUGURATING THE CONVENTION TO ANNOUNCE THE NEW ANTI-INFLATIONARY MEASURES. ANOTHER MEASURE IS THAT THEN CABINET MINISTERS MADE APPEARANCES TO DESCRIBE THEIR PROGRAMS AND FIELD QUESTIONS, IN ALMOST ALL CASES WAITING AN HOUR OR HOUR AND A HALF TO GO ON STAGE (THE MINISTER OF AGRICULTURE WAS KEPT WAITING FOUR AND A HALF HOURS).

2. THE CONVENTION APPEARED TO FULFILL THE FOLLOWING FUNCTIONS:

A) ELECT NEW BOARD OF DIRECTORS AND AUTHORIZE INCREASED ASSESSMENT FROM MEMBER COMPANIES. THE OFFICIAL SLATE SAILED  
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THROUGH THE CONVENTION WITH THE PRESIDENT OF THE CHAMBER OF GLASS AND CERAMIC MANUFACTURERS WINNING THE PRESIDENCY, AND THE PRESIDENT OF THE ASSOCIATION OF CONSTRUCTION CONTRACTORS WINNING THE FIRST VICE-PRESIDENCY WITH AN INSIDE TRACK TO THE NEXT PRESIDENCY.

B) GIVE DELEGATES FROM PROVINCIAL CHAMBERS A CHANCE TO

EXERCISE THEIR ORATORICAL GIFTS AND VOICE THEIR ANGUISH OVER THEIR DEPRESSED LOCAL SITUATION.

C) AS A PARALLEL TO THIS, GIVE THEM A CHANCE TO INTERPELLATE VARIOUS MINISTERS AND SEEK ATTENTION TO THEIR LOCAL INFRASTRUCTURAL AND SOCIAL NEEDS. (MINISTER OF TRANSPORT AND COMMUNICATIONS VIVAS TOOK 85 QUESTIONS IN FOUR HOURS). MANY TOOK THE OPPORTUNITY TO PROTEST TAX REFORM AND THE RECENT ANTI INFLATIONARY MEASURES. THOSE THAT IMPINGE ON CONSTRUCTION ACTIVITY WERE PARTICULARLY SUBJECT TO CRITICISM AND BOTH MINISTERS HURTADO AND PADILLA ADMITTED THEY SHOULD BE AMELIORATED.

D) PROPOSE THE VARIOUS MEASURES WHICH IN THE EYES OF THE PRIVATE SECTOR THE GOVERNMENT OUGHT TO TAKE IN THE AREAS OF AGRICULTURE, INDUSTRY, COMMERCE, EXPORT PROMOTION, HOUSING CONSTRUCTION, ETC. THESE WERE DRAFTED BY FEDECAMARAS' STAFF OR THE LARGER SECTORAL ORGANIZATIONS AND WERE BOTH DEFINITIVE AND THOUGHTFUL.

E) ON A HIGHER PLANE, VOICE CONCERNS REGARDING THE TREND IN THE PRIVATE ENTERPRISE-STATE RELATIONSHIP. ON REPORT SUBMITTED FOR CONSIDERATION DELINEATED THE RAPID TRANSFORMATION OF VENEZUELA INTO A MIXED PRIVATE ENTERPRISE-STATE ENTERPRISE ECONOMY AND THE TREMENDOUS IMPACT OF THE GOVERNMENT ON ALL ECONOMIC ACTIVITY. FOR INSTANCE, FISCAL REVENUES ARE CITED AS 39 PERCENT OF GROSS NATIONAL PRODUCT, A HIGHER PROPORTION THAN UNCLASSIFIED

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IN THE UK, SWEDEN, CANADA, FRANCE AND YUGOSLAVIA. IN THE EARLY SEVENTIES, PRIVATE INVESTMENT RAN AT 60 TO 70 PERCENT OF TOTAL NEW INVESTMENT. OVER THE FIFTH PLAN, PUBLIC SECTOR GROSS INVESTMENT WILL HAVE REACHED 56 PERCENT OF TOTAL GROSS INVESTMENT, REVERSING THE PATTERN OF CAPITAL FORMATION. WHILE, OF COURSE, MUCH OF THIS INVESTMENT IS IN INFRASTRUCTURE AND SOCIAL REQUIREMENTS, MUCH COMPETES DIRECTLY WITH PRIVATE ENTERPRISE IN BASIC PRODUCTION. A PARTIAL INVENTORY LISTED 230 INDUSTRIES OR CORPORATIONS IN WHICH THE STATE HAS AN EQUITY INTEREST. THEREFORE, THE CONVENTION VOTED TO SOUND A CALL OF ALARM AND TO WORK TO REVERSE THIS TREND. AS AN OUTGROW OF THIS CONCERN, AND IN A WAY CONFLICT WITH IT, OR PERHAPS IN RESIGNATION, THE OUTGOING PRESIDENT OF FEDECAMARAS IN HIS KEY-NOTE SPEECH CALLED FOR SOCIALLY RESPONSIBLE ACTION ON THE PART OF THE PRIVATE SECTOR ALONG WITH GREATER "CONCERTATION", I.E., CONSULTATION WITH THE PRIVATE SECTOR IN DRAFTING AND CARRYING OUT THE NATIONAL ECONOMIC DEVELOPMENT PLAN ON THE FRENCH MODEL.

3. ALTHOUGH PARTICIPANTS WERE QUITE VOCIFEROUS IN PROTESTING GOVERNMENT BUREAUCRATIC INCOMPETENCE AND OVERREGULATION AS IT IMPINGED ON THEIR ECONOMIC INTERESTS, CRITICISM OF PRESIDENT AND THE AD PARTY WAS RESTRAINED. NOR WAS THE ATMOSPHERE ONE

OF CONFRONTATION BETWEEN BUSINESS AND GOVERNMENT. ALL GOVERN-  
MENT MINISTERS WERE RESPONSIVE AND IN MANY CASES AGREED TO IM-  
PLEMENT THE REQUESTS POSED DURING THE DISCUSSIONS.  
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## Message Attributes

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